

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the  
Commission's Proposed Policies and Programs  
Governing Energy Efficiency, Low-Income  
Assistance, Renewable Energy and Research  
Development and Demonstration.

Rulemaking 98-07-037  
(Filed July 23, 1998)

**ADMINISTRATIVE LAW JUDGE'S RULING:  
REQUEST FOR COMMENTS ON PROCESS FOR ADDING  
TECHNOLOGIES TO SELF-GENERATION INCENTIVES PROGRAM**

Pursuant to Decision (D.) 03-01-006, I am soliciting comment on Energy Division's proposal for evaluating the eligibility of new technologies to participate in the self-generation incentive program. Energy Division's proposal is fully described in the Attachment to this ruling.

Comments on the proposal are due fifteen (15) days from the date of this ruling, and replies are due five working days thereafter.

Upon review and consideration of Energy Division's proposal and parties' comments, the Assigned Commissioner will issue a ruling that establishes a process for the evaluation of proposals to add technologies to the program.<sup>1</sup> This process will apply to all pending and future requests for inclusion of a new technology, including the pending Petition of Solel Solar Systems, LTD to Modify D.01-03-073.

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<sup>1</sup> See D.03-01-006, Ordering Paragraph 4.

All comments shall be filed at the Commission's Docket Office in this proceeding and served electronically to all appearances and the state service list. Service by U.S. mail is optional, except that one hard copy shall be mailed to me at P.O. Box 210, Volcano, California, 95689. In addition, if there is no electronic mail address available, the electronic mail is returned to the sender, or the recipient informs the sender of an inability to open the document, the sender shall immediately arrange for alternate service (regular U.S. mail shall be the default, unless another means is mutually agreed upon). The current service list for this proceeding is available on the Commission's web page, [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

Dated April 18, 2003, at San Francisco, California.

/s/ MEG GOTTSTEIN

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Meg S. Gottstein  
Administrative Law Judge

## **ATTACHMENT**

### **ENERGY DIVISION PROPOSAL TO EVALUATE ELIGIBILITY OF NEW TECHNOLOGIES IN THE SELF GENERATION INCENTIVE PROGRAM**

#### **Summary**

In response to Assembly Bill (AB) 970, the Commission developed a differential incentive program for specific technologies of renewable and super clean distributed generation (DG), with higher incentives paid for renewables.<sup>1</sup> The program is administered by three utilities and one non-utility organization. The Commission formed a working group comprised of the program administrators, staff from the Energy Division and the California Energy Commission to facilitate consistent statewide program implementation.

Over the course of the program, several entities filed Petitions for Modification (Petitions) of D.01-03-073 to qualify for a higher incentive level, or to allow participation of new DG technologies not explicitly deemed eligible by the Commission.

In D.03-01-006, the Commission directed the Energy Division to develop a process that allows new technologies to request an evaluation of eligibility without necessarily having to file a Petition. The process proposed by the Energy Division provides guidelines to assist DG applicants with proposals for new technology, and sets an evaluation

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<sup>1</sup> Adopted in Decision (D.) 01-03-073

schedule for the Working Group to develop recommendations for public comment and Commission consideration.

## **Background**

AB 970, among other things, directed the Commission to establish incentives for renewable and super clean DG that enhances reliability, reduces demand for electricity and reduces load during peak demand periods. The legislation did not identify specific DG technologies or fuel types eligible to receive incentives, nor did it define where and how enhanced reliability would be measured.

The incentive program adopted by the Commission establishes eligibility requirements for specific technologies and fuel types. Photovoltaics, wind turbines, and fuel cells powered by renewable sources receive higher incentives: \$4.50/watt up to 50% of installed costs. Fuel cells that use nonrenewable fuel receive \$2.50/watt, up to 40% of installed costs. Microturbines, internal combustion engines, and reciprocating engines fueled by natural gas that meet certain reliability and efficiency criteria receive \$1.00/watt, up to 30% of installed costs; these same technologies operating on renewable fuel receive \$1.50/watt, up to 40% of project costs.

The Commission selected four program administrators: Pacific Gas and Electric (PG&E), Southern California Edison (SCE), Southern California Gas Company (SCG), and San Diego Regional Energy Office (SDREO). The Commission formed a working group comprised of the program administrators, the Energy Division, and the California Energy Commission to collaborate on implementation details and ensure consistent application of program eligibility criteria statewide. The

Working Group's initial work products consisted of the program handbook, application, reservation request form, and contract agreement. The Working Group convenes regularly, typically meeting one day each month, to fine-tune the implementation process.

Since the program's inception, the program administrators and the Energy Division receive proposals from various entities seeking to include technologies outside of those specified in D.01-03-073. The Working Group evaluates each proposal, and provides the entity with an informal opinion as to the eligibility of the technology to receive program incentives. If the technology is denied eligibility, the entity may file a Petition for Modification of D.01-03-073 with the Commission.

Real Energy Inc., Capstone Turbine Corporation, Mafi-Trench Corporation and Solel Solar Systems have each filed petitions at various times to modify D.01-03-073 to include their respective technologies in the self-generation incentive program. In D.03-01-006, the Commission directed the Energy Division, in consultation with the Working Group, to develop a process for evaluating proposed new technologies outside of procedures related to petitions for modification. The Commission designated the Assigned Commissioner to establish an evaluation process after reviewing the Energy Division proposal and parties' comments to the proposal.

**A Streamlined Evaluation Process Will Reduce Duplicative Efforts of the Program Applicant, the Working Group, and Energy Division Staff**

Energy Division recommends a process that formalizes the Working Group's current evaluation of proposed new technologies, and affords applicants, distributors, and manufacturers the opportunity to present new

technologies for Commission consideration without filing a petition for modification. The new process should include guidelines to assist applicants with their proposals, develop reasonable timeframes by which the applicant can expect the Energy Division/Working Group to submit recommendations to the Commission, and provide parties an opportunity to comment on whether the proposed technology should be added to the incentive program. The individual steps in the evaluation process recommended by the Energy Division are outlined below:

1. When an applicant contacts the program to add a technology to the program, the program administrator will provide the applicant with a set of guidelines (see Appendix 1). The program administrator will notify the applicant in writing concerning any deficiencies in the proposal, based on the guidelines. The applicant will modify its proposal, as necessary, to supply the Working Group with the additional information requested under the guidelines. The guidelines will also be posted on the Commission and program administrator websites.
2. The program administrator will distribute copies of the applicant's proposal to the Working Group members. If the technology is introduced to all four program administrators simultaneously by an applicant, manufacturer, or distributor, as occurred with Mafi-Trench, Capstone, and Solel, the Working Group may designate one program administrator to sponsor the applicant's proposal.
3. The program administrator will introduce the proposal for discussion at the Working Group's next regularly scheduled meeting following the applicant's submittal of all information required by the guidelines. The Working Group may seek additional information from the applicant or other resources, as needed.



4. The Working Group will develop recommendations on whether the new technology should be eligible to participate in the program, and at what incentive level. The Energy Division will submit the recommendations to the Assigned Commissioner within 90 days after the new technology is presented at a Working Group meeting. This allows the Working Group two full meetings to evaluate the proposal, collect additional information, and develop recommendations.
5. As proposed by the Commission in D.03-01-006, the Energy Division/Working Group recommendations will be issued for comment via an Assigned Commissioner's Ruling (ACR). Energy Division suggests comments be due within 15 days of the ACR. Reply comments would be due within five working days after initial comments are filed. Energy Division's recommendations and parties' comments would subsequently be addressed by Commission decision.

**Clear Guidelines Will Help the DG Applicant Submit Relevant Information About Its Technology and Ensure A Complete and Thorough Evaluation**

In D.03-01-006, the Commission developed a series of questions requesting additional information from Mafi-Trench describing its proposed technology. Energy Division recommends incorporating these questions into a set of guidelines to assist other applicants with new technology proposals. The guidelines will serve to prompt applicants to submit specific data to substantiate the proposals.



**The Energy Division and Working Group Seek Comments Concerning  
The Proposal**

Energy Division welcomes parties' comments concerning the evaluation process, particularly with respect to whether further guidelines are needed to evaluate applicability of new technologies requesting Level 1 incentives.

**(END OF ATTACHMENT)**

## **APPENDIX 1**

### **Guidelines for Working Group Consideration of Additional Eligible Technologies under the Self-Generation Incentive Program**

At a minimum, Applicant's submittal to the Working Group should respond to the following requests for information, with appropriate documentation:

1. What are the installed system costs (on a dollar per kilowatt basis), both average costs and with project examples included?
2. What is the market potential for the application of this technology to recovery waste heat for the production of electrical power, both in terms of customer classes and total potential in California? Describe how the technology is currently commercially available (including a list of vendors), and what warranty provisions are offered by those vendors (including warranty period and component coverage).
3. How would this application aid in peak load reduction and what is an average expected generation profile?
4. How would this application meet the waste heat recovery and reliability requirements for Level 3 incentives, assuming it was considered eligible for incentives under that category?
5. If applying for Level 1 incentives, how would the applicant provide assurance that this installation would continue to operate on renewable fuel and not engage in fuel switching? For solar technologies, how would solar thermal energy input be measured to calculate the percentage of non-renewable fuel use?

Applicants should promptly respond to any additional inquiries from members of the Working Group, including Energy Division, with respect to these and other issues related to the proposed new technology.

**(END OF APPENDIX 1)**

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling: Request for Comments on Process for Adding Technologies to Self-Generation Incentives Program on all parties of record in this proceeding or their attorneys of record. In addition, service was also performed by electronic mail.

Dated April 18, 2003, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.